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# United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

November 14, 2005

Mr. Robert A. Burton  
Associate Administrator  
Office of Federal Procurement Policy  
New Executive Office Building  
725 17<sup>th</sup> Street N.W.  
Room 9013  
Washington, D.C. 20503

Dear Mr. Burton:

I am deeply concerned about the ongoing challenges faced by your office's ability to accurately track federal procurement activities of Federal agencies and the negative effect this has on the ability of small businesses to receive Federal contracts.

On November 8, 2005, the Senate Committee on Small Business and Entrepreneurship held a hearing titled "Strengthening Hurricane Recovery Efforts for Small Businesses." During the hearing, the Committee heard Small Business Administration Administrator Hector Barreto refer to the data collected by the Federal Procurement Data System-Next Generation (FPDS-NG) to substantiate SBA's claims that there has been strong small business utilization in the Gulf region. However, in a subsequent panel, the Government Accountability Office (GAO) raised serious concerns about the accuracy of the data collected by your office using the FPDS-NG.

Further, on September 27, 2005, the GAO sent a letter to the Director of the Office of Management and Budget (OMB), Joshua Bolten, questioning the accuracy and timeliness of information collected and reported by the FPDS-Next Generation (FPDS-NG). As the total amount of Federal dollars contracted increases well above the \$300 billion mark, I am deeply concerned that the process of updating the FPDS, which began in 2000, is inadequate and that FPDS is not up to the task of providing timely, accurate data. And as agencies increase their use of interagency contracting transactions such as Government-Wide Acquisition Contracts (GWACs), Multiple Award Schedules, and interagency acquisition services, the FPDS system has not developed a way to monitor the dollars spent or contractor performance under these procurement tools.

This is not the first time concerns have been raised regarding the FPDS-NG. On December 20, 2003, GAO sent a letter to OMB making it clear that they have found sufficient problems to warrant concern about the reliability of FPDS information, particularly due to inaccurate and incomplete data.

Given that the FPDS is the only tool utilized by the Federal government to document agency contracting, the accuracy of this data is essential for proper oversight of the use of Federal taxpayer dollars. The inaccuracy of data and delays in reporting hamstring the ability of the SBA to perform proper oversight. It also raises significant doubt about the accuracy of the 23 percent government-wide small business utilization recently reported by the Small Business Administration.

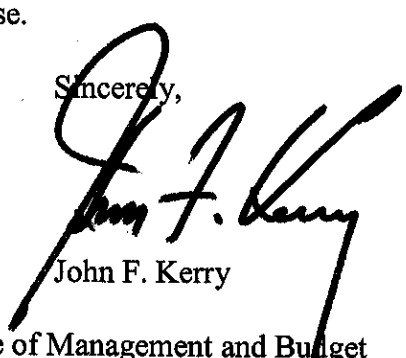
There are three specific challenges that create barriers to transparency in Federal procurement data and raise significant doubts about the accuracy of the data currently being reported by the Administration.

- 1) Over 10,000 Indefinite Delivery Indefinite Quantity (IDIQ) contracts are missing in the system, with listings either in the award file with no link to the contract summary or vice versa. In this form, it is impossible to attain the description of what items are part of what awards and the dollar value associated with each.
- 2) In too many cases, contractor information is missing and/or invalid. There are multiple companies assigned to the same contractor identification code (DUNS number) and multiple DUNS numbers assigned to the same company. This makes it difficult to identify which companies are being awarded which specific contract.
- 3) The identification numbers assigned to each contract awarded prior to FY2003 are concealed. The new Program Instrument Identification Number (PIID) embeds the contract number in a series of codes in order to create a unique database ID. However, this lengthened code is subject to change and prevents the historical tracking of existing contract vehicles. New awards under existing contracts are utilizing this PIIDs system, further obscuring the amount of dollars being spent over the life of a contract.

When will the Administration make changes to the system to accurately list IDIQ contracts? What strategy is being implemented by the Administration to ensure that each company is only assigned one DUNS number? Why are identification numbers not listed in a manner that allows historical tracking? What strategy does your office plan to implement that will address these shortfalls? Please provide the Committee with a specific timeline in which each of these items will be addressed.

Thank you for taking the time to address my concerns. I hope to continue working with you to create greater accuracy and transparency in Federal procurement data as well as ensuring that small businesses are appropriately represented in the Federal procurement arena. I look forward to your prompt response.

Sincerely,



John F. Kerry

Cc: Mr. Joshua Bolten, Director of the Office of Management and Budget